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Welcome

PORT OF SAN FRANCISCO

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Port of San Francisco Annual Report 2004-2005

Monique Moyer
Executive Director

Introduction and Overview

PORT OF SAN FRANCISCO

Diverse Lands, Diverse Needs

Divorce Laws, Divorce Needs

Our Mission

Fundamental Attributes:

- ✓ Trustee for Public Trust Lands
- ✓ Self-supporting enterprise agency
- ✓ Committed to an inclusive community planning process

Public Trust:

Promote maritime commerce, navigation and fisheries

Preserve natural resources

Attract public to use and enjoy the waterfront

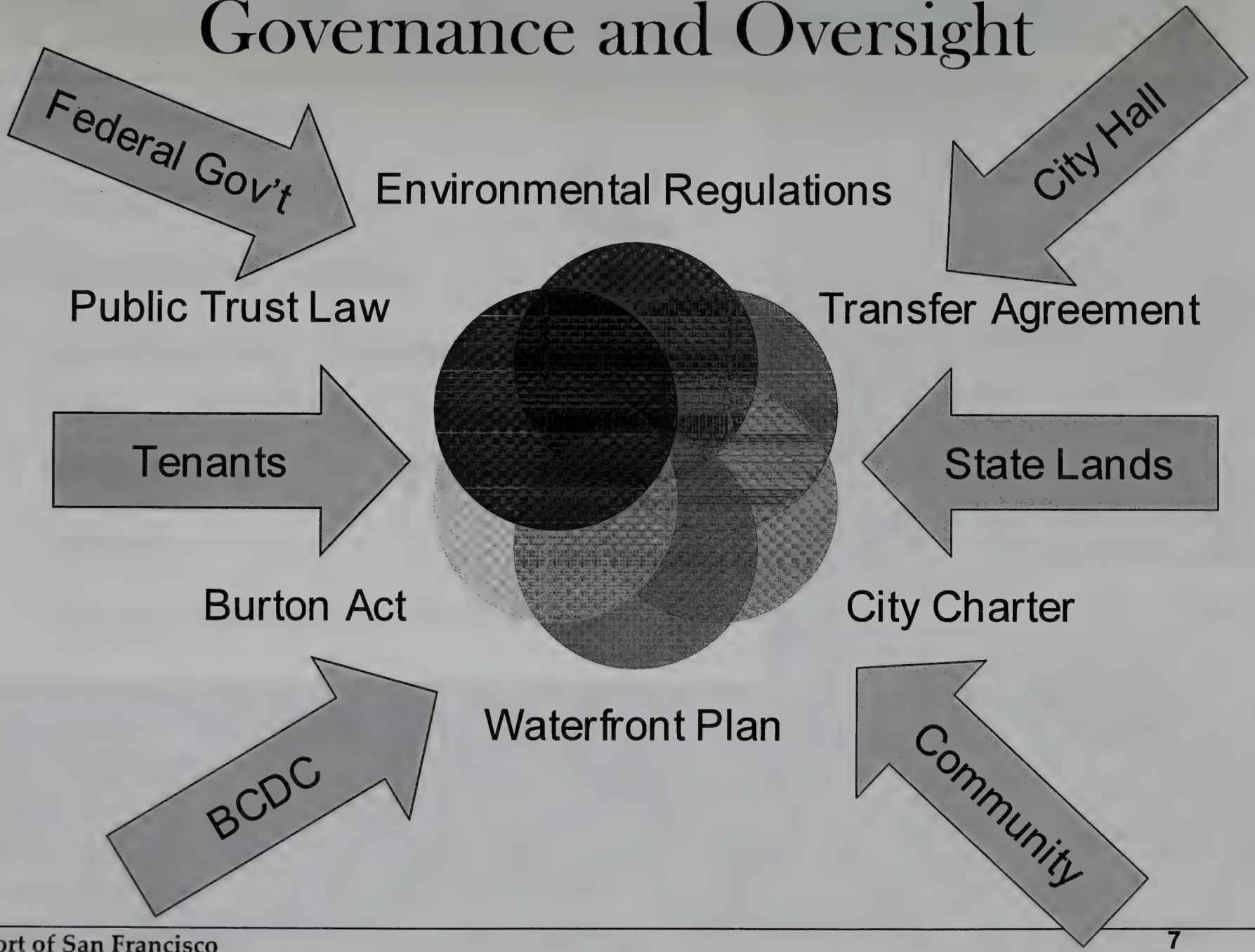
Economic Impact to San Francisco

Port Operations Activities

- ✓ produced 29,531 jobs
- ✓ generated $1.6 billion in revenues
- ✓ resulted in $120 million of state & local taxes

(Source: Economic Impact Report, Martin Associates, 2000)

Governance and Oversight

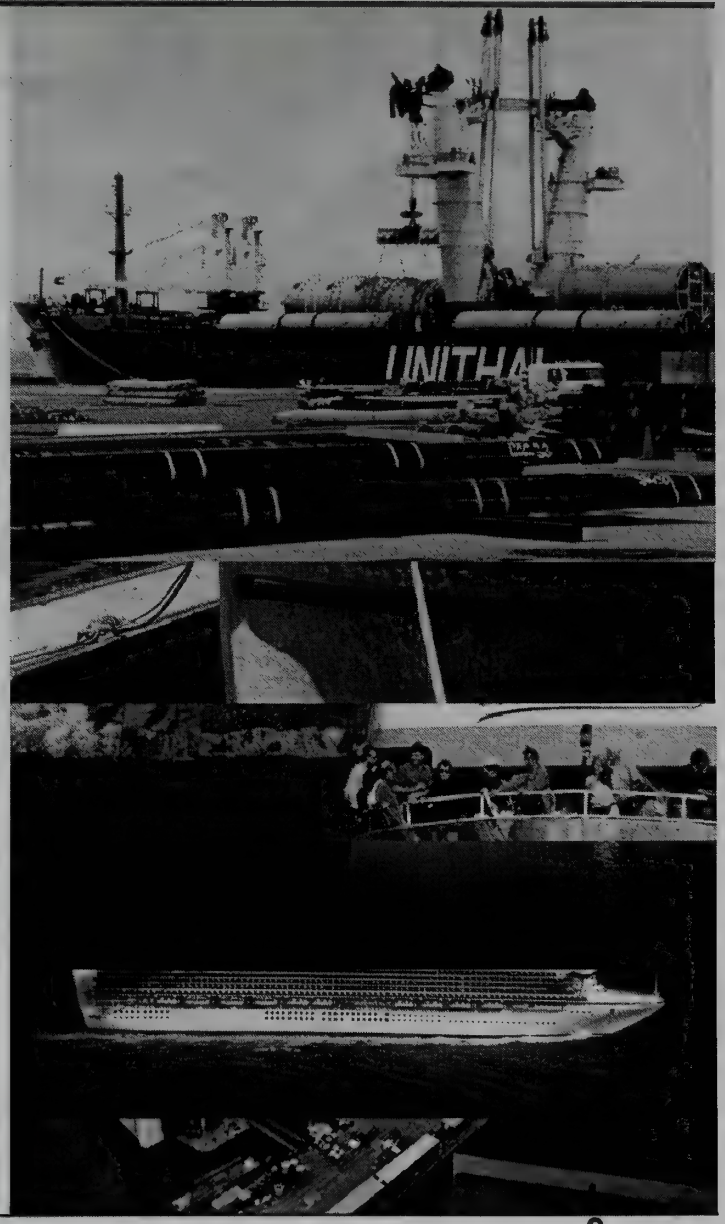


Peter Dailey
Director

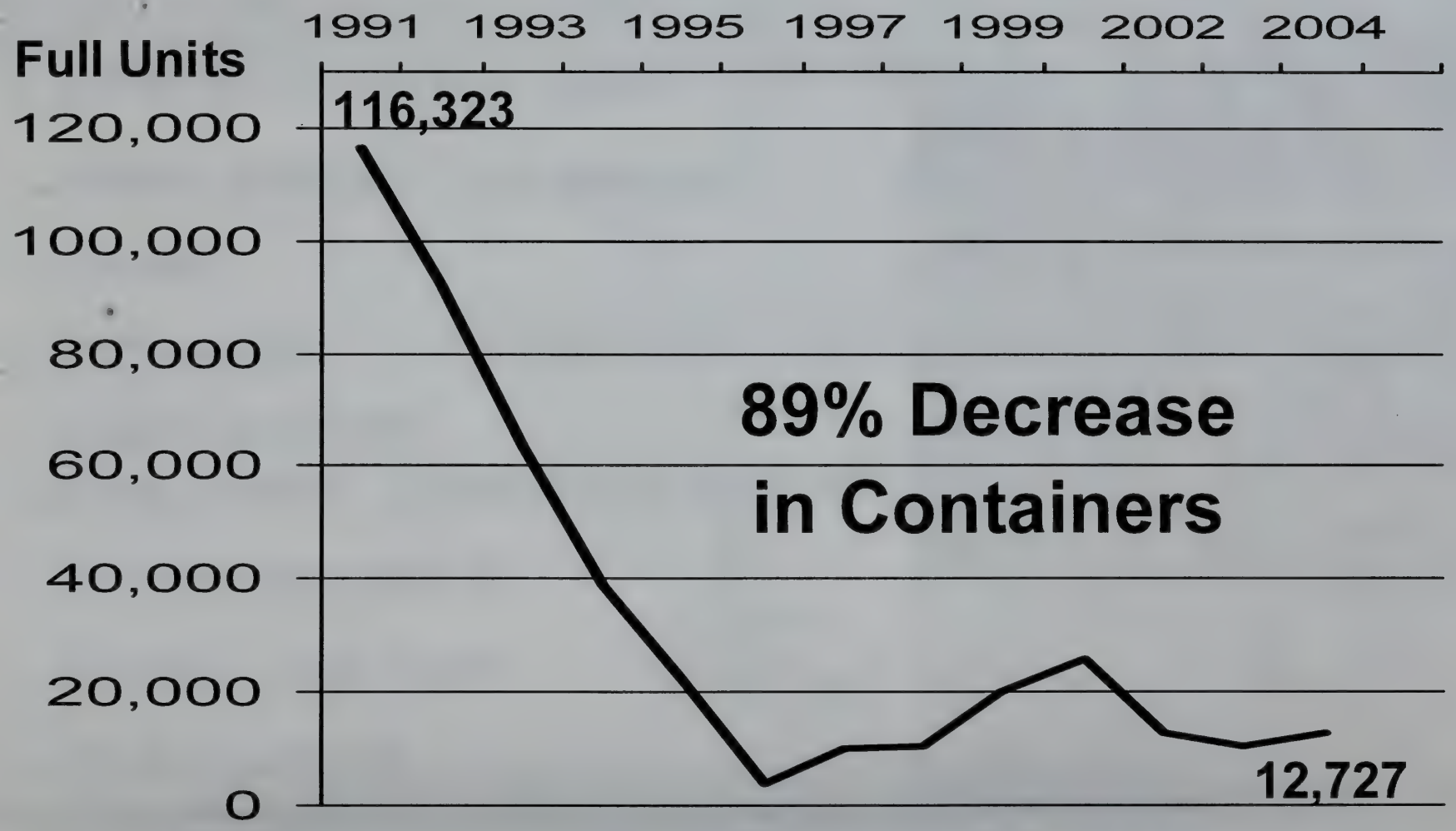
Maritime Division

A Diverse Portfolio of Maritime Businesses

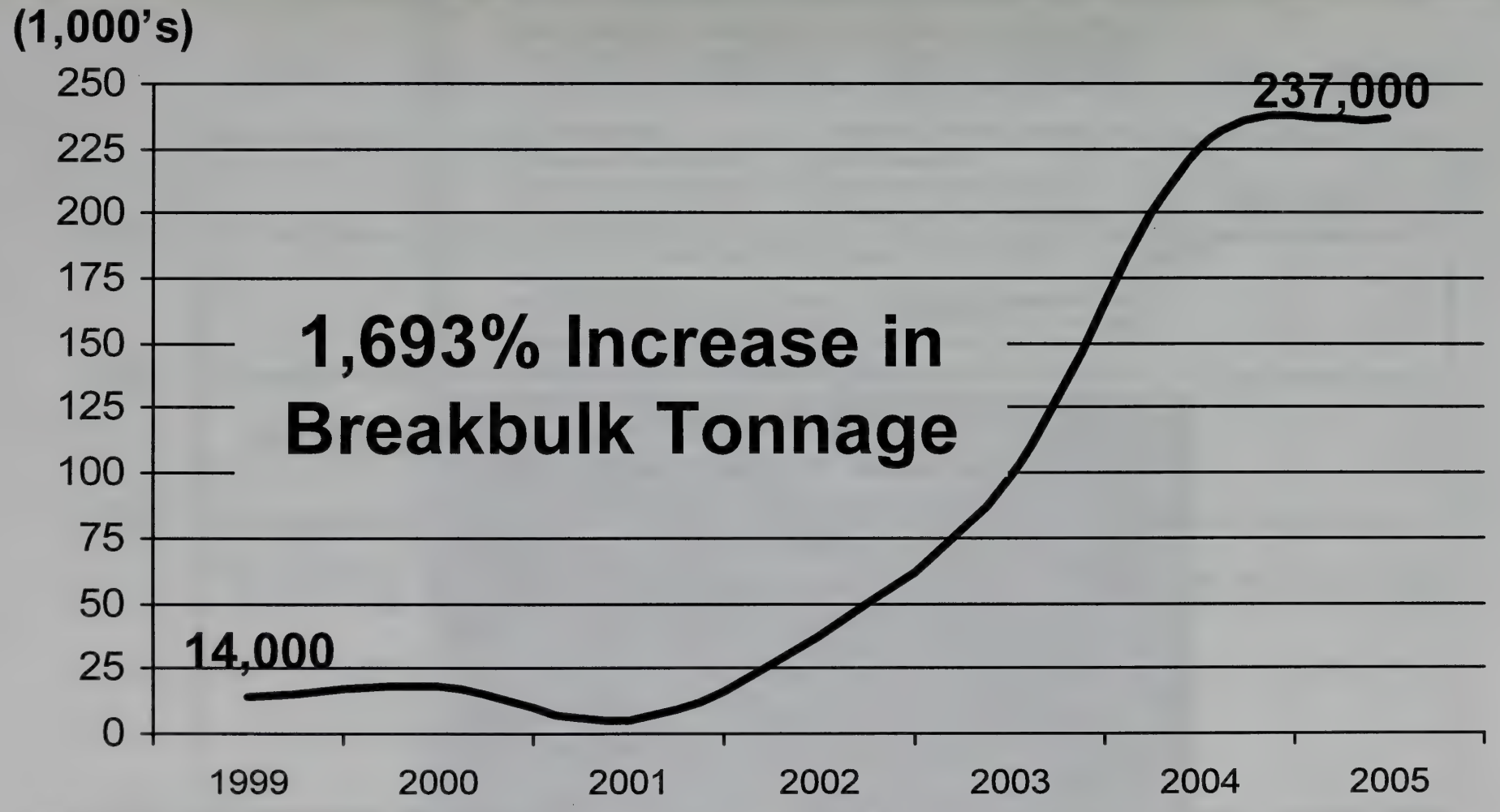
- ✓ Cargo Shipping
- ✓ Foreign Trade Zone
- ✓ Commercial Fishing
- ✓ Sport Fishing · Recreational Marinas · Public Launches
- ✓ Excursions
- ✓ Ferries
- ✓ Harbor Services / Lay Berthing
- ✓ Ceremonial / Historic Ships
- ✓ Passenger Cruise
- ✓ Ship Repair



Container Cargo 1990 through 2004



Breakbulk Cargo 1999 through 2005



2004 tonnage figures represent a 124% increase over prior year.

New Markets: Breakbulk Promotional Ad

IF YOUR CARGO MOVE IS BREAKBULK such as steel, lumber or newsprint, you've probably gotten a less-than-welcoming reception at some West Coast ports. But things are different at the Port of San Francisco. We value our breakbulk customers and provide a level of service that allows you to relax while we take care of all your cargo needs.

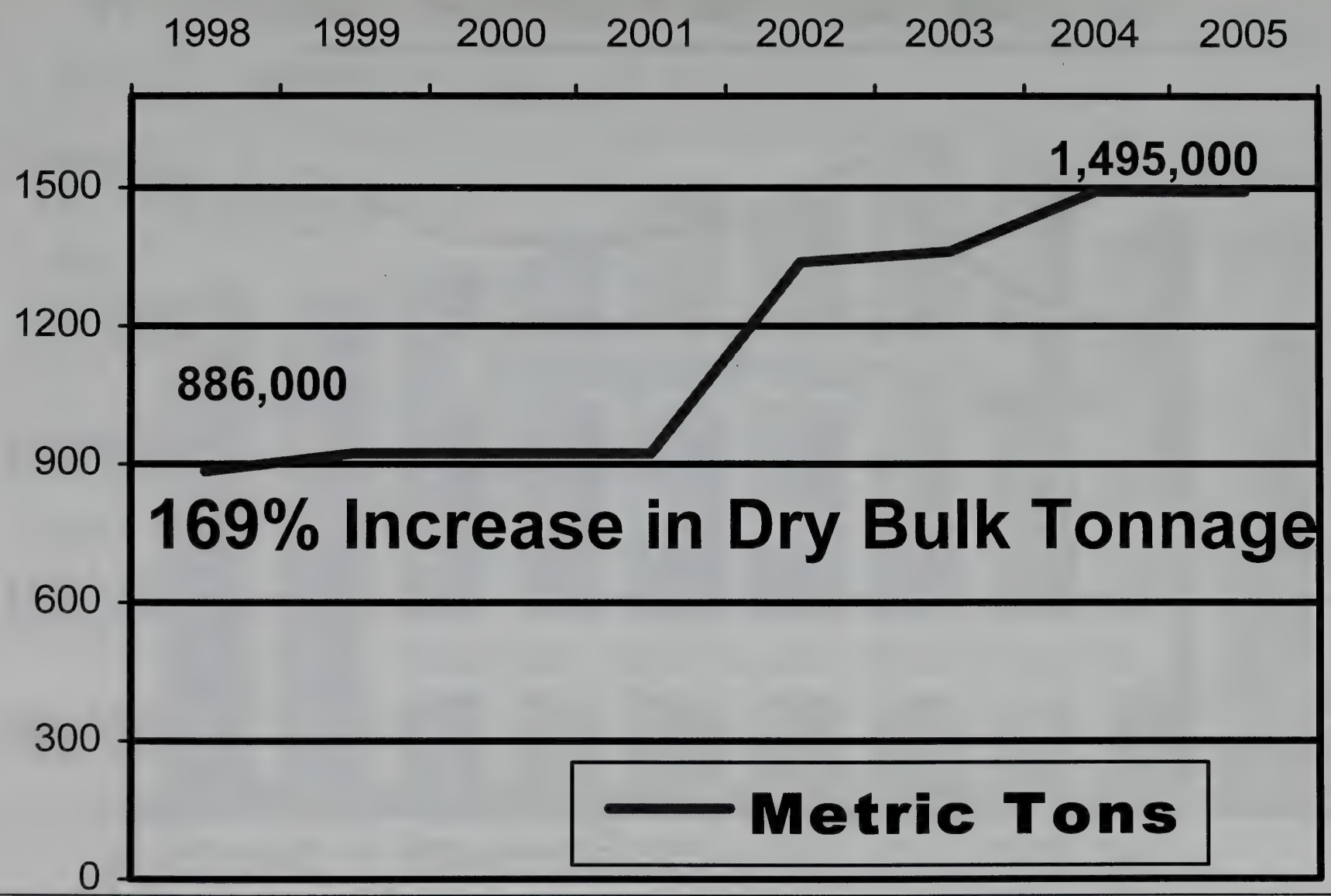
Here's what makes the Port of San Francisco a better place for breakbulk:

- ⊕ COMPETITIVE PRICING
- ⊕ CLOSEST PORT TO THE GOLDEN GATE
- ⊕ MULTIPLE DEEP-WATER BERTHS
- ⊕ NEAR-DOCK RAIL
- ⊕ 250,000 SQUARE FEET OF COVERED STORAGE
- ⊕ SIXTY ACRES OF PAVED OPEN STORAGE
- ⊕ FOUR GANTRY CRANES
- ⊕ OVERWEIGHT CORRIDORS TO HWY 101 AND I-280

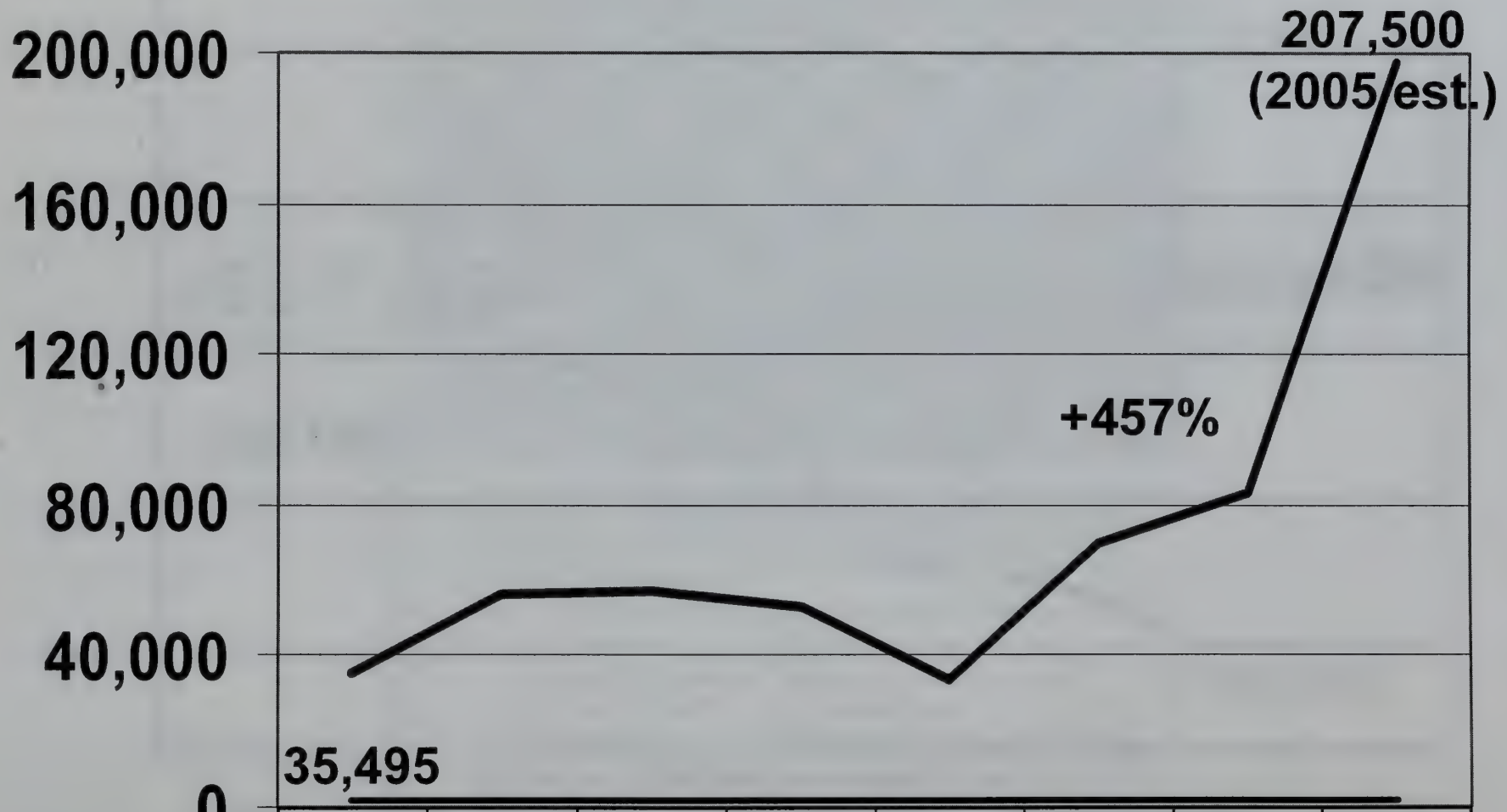
Add to that nearby maritime support services, including full-service ship repair, tug and barge services, heavy lift operators, a Foreign Trade Zone and abundant layberths, and it's easy to see why the Port of San Francisco is the closest thing to perfect a port can be. Life should always be like this for breakbulk shippers.

Call the Port of San Francisco today at PORT **415.274.0519 or visit www.sfport.com**

Bulk Cargo 1998 through 2005



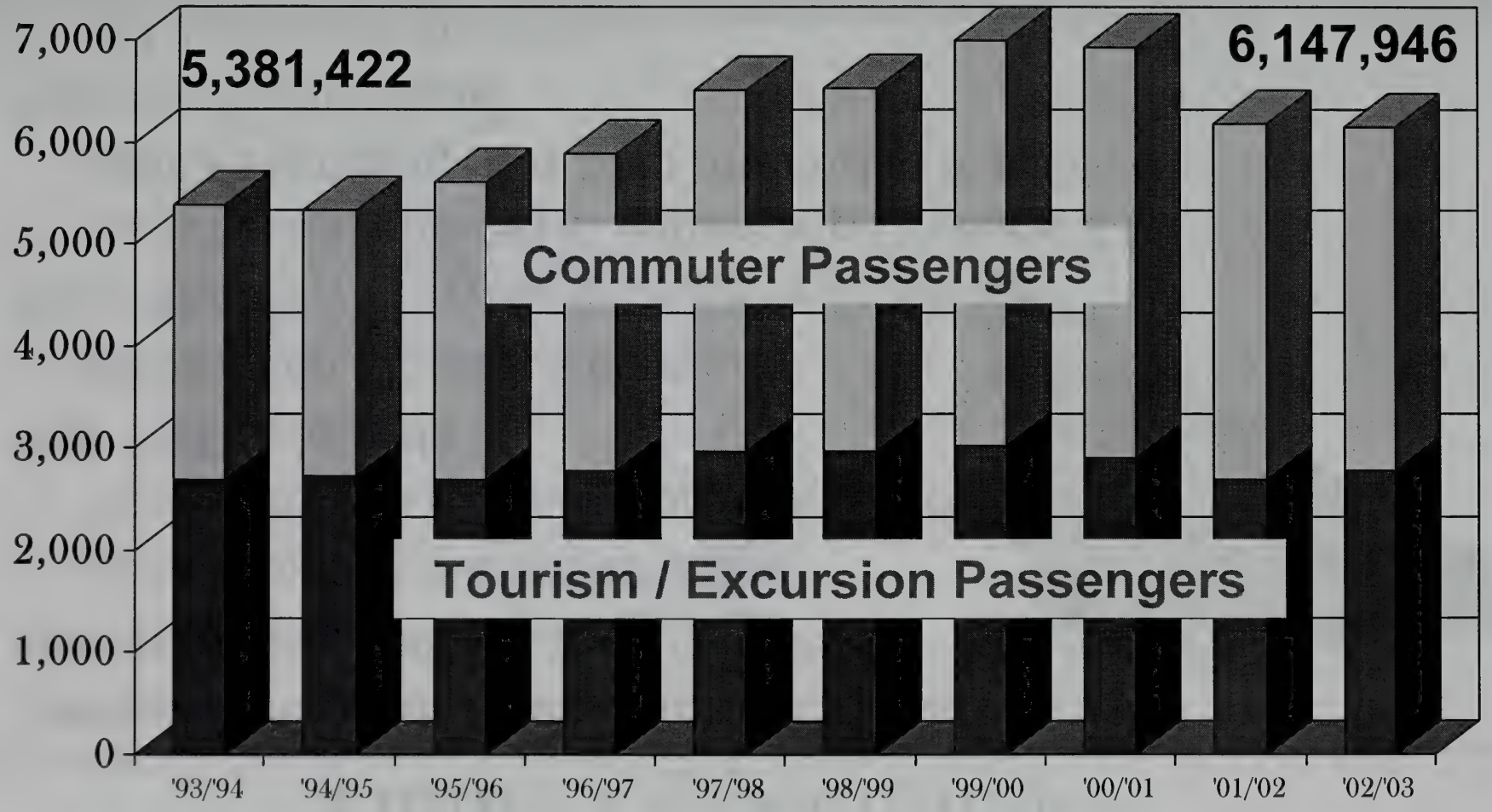
Cruise Passengers 1990 through 2005



1990	1992	1994	1996	1998	2000	2002	2004
35,495	56,148	56,968	52,874	33,870	70,054	83,538	197,573

Passenger Ferry Ridership

- **3% Growth in Tourism / Excursion Ridership**
- **26% Growth in Commuter Ridership**



Future Opportunities

- ✓ **James R. Herman International Cruise Terminal**
- ✓ **Illinois Street Rail Bridge**
  - Greater cargo market flexibility
  - Accommodate heavy lift project cargo
- ✓ **Pier 94 Backlands**
  - Distribution / logistics campus
- ✓ **Ship Repair**
  - Commercial interest in expanding Drydock 2 to capture growing "Big Ship" market in Pacific
- ✓ **Ferry Growth Trend**
  - WTA regional program
  - Bay Area congestion & traffic impacts
- ✓ **Harbor Services Center**
- ✓ **New Marina at Mission Bay** (Warm Water Cove)

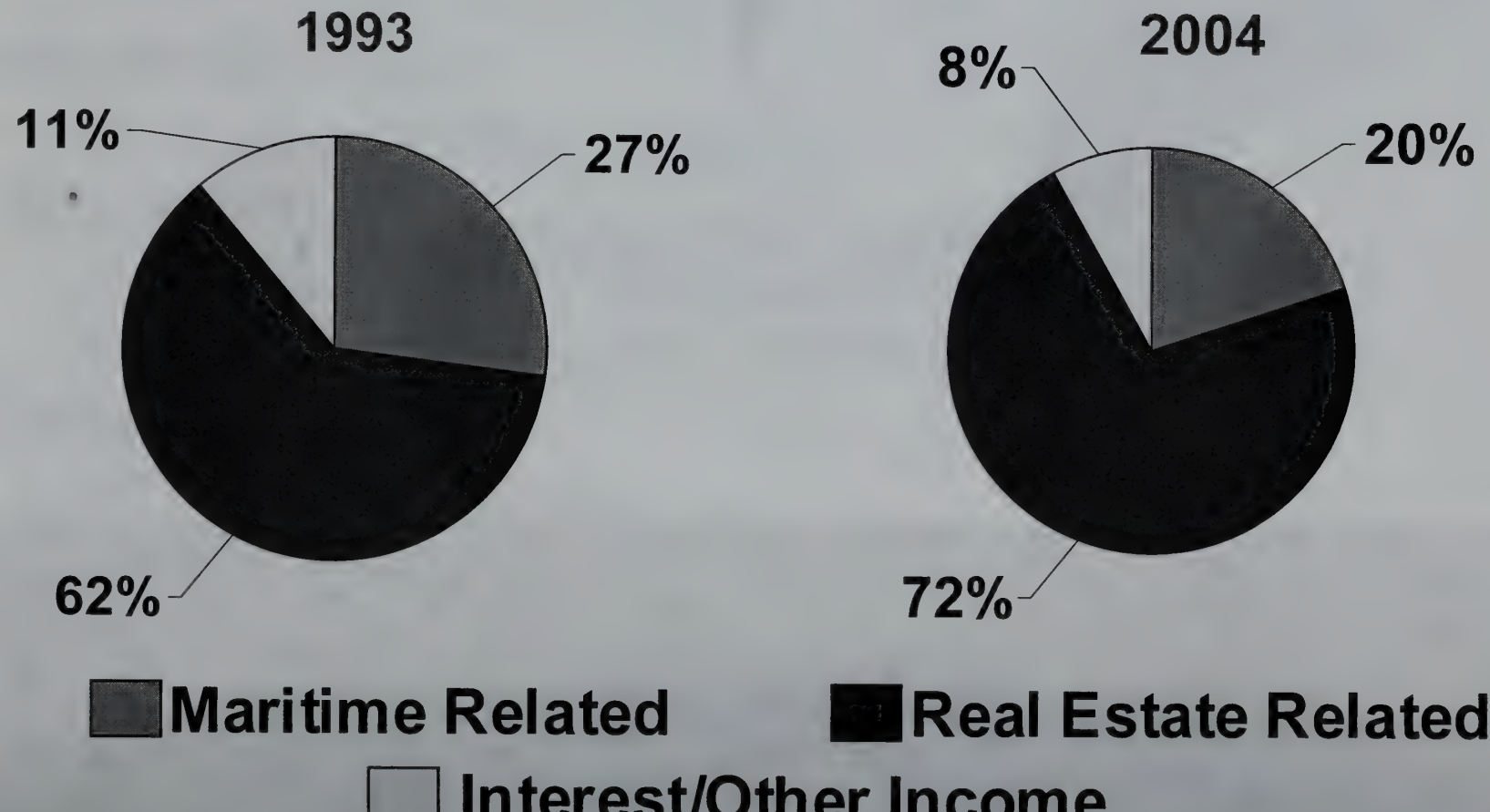
Denise Martinez
Real Estate Analyst

Real Estate Division

PORT OF SAN FRANCISCO

Revenue Mix

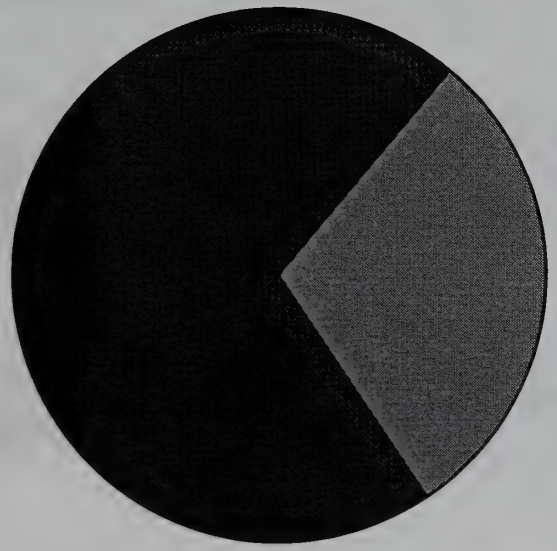
Historical Comparison



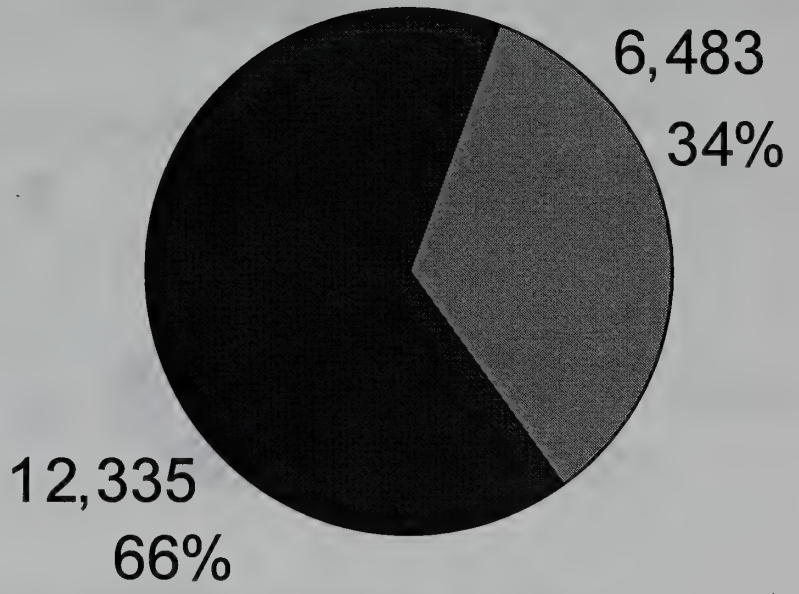
Major Operating Rev. & Associated Sq. Ft.

2004

Annualized Revenues



Square Footage



Maritime Related **Non-Maritime Related**

Top Ten Revenue Generating Tenants

1. San Francisco Giants Baseball Club — Ballpark & Parking
2. Hanson Aggregates — Bulk Cargo Terminal
3. Blue & Gold Fleet — Ferry/ Excursions
4. Pier 39 — Retail
5. Ferry Building Investors, LLC — Office/Retail Development
6. Central Parking Corporation — Parking
7. AMB Property Corporation — Office Development
8. NORCAL Waste Systems, Inc. — Recycling Center
9. San Francisco DPT Department of Parking & Traffic — Towed Auto Storage
10. San Francisco Municipal Railway — Office/ Storage

Challenges of Managing Our Properties

- Conditions of Properties
- Lack of Adequate Funds for Improvements
- Competitive Disadvantage to Private Sector Properties
- Competing Interests
- Long-term Revenue Reliance Uncertain Without Investment

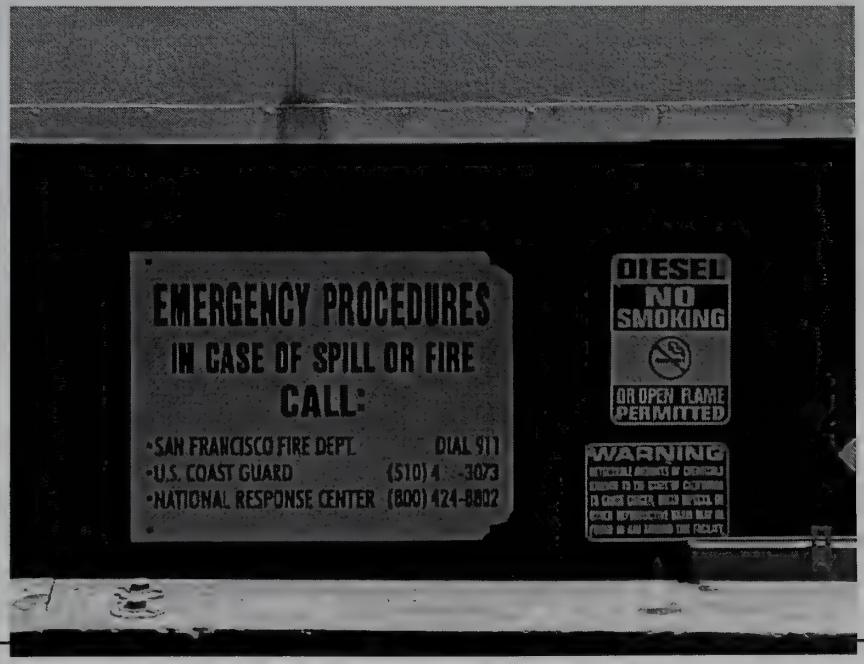
Carol Bach
Assistant Director

Environmental Health & Safety Division

PORT OF SAN FRANCISCO

Environmental Management

- ✓ Protect and enhance the waterfront for our community & visitors
- ✓ Support environmentally sound operations and development through planning, permitting and education
- ✓ Protect environmental quality and public health through inspection and enforcement
- ✓ Ensure strong relations with the Regulatory Community



Environmental Management

Recent Successes

Cleanup of Southern Waterfront Illegal Dumping

What was a dumping area...

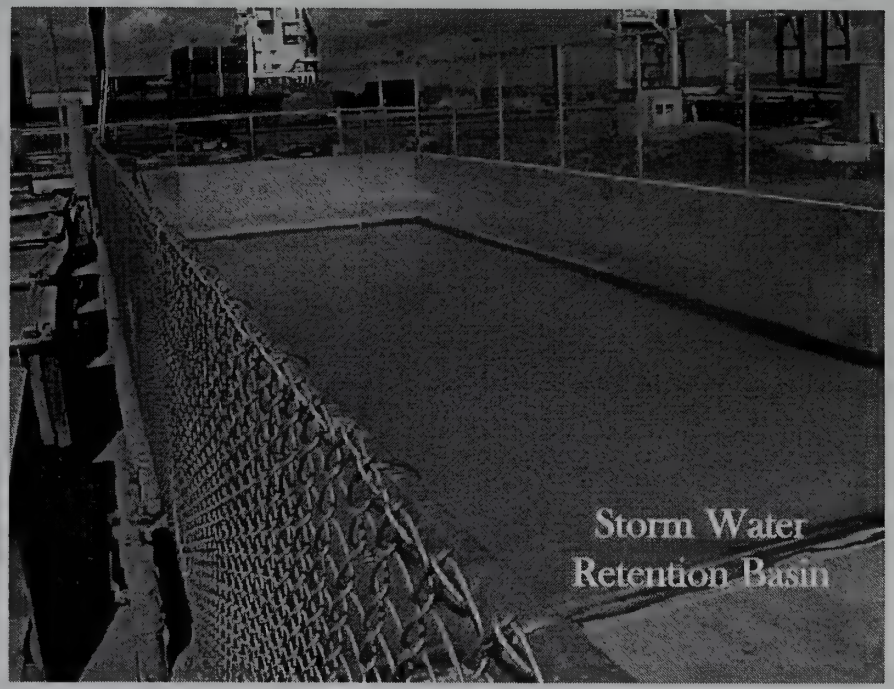
Is now a revenue generating tenancy

Environmental Management

Recent Successes

State approval of Port Storm Water Management Program

Initiated public outreach efforts to control pollution to the Bay

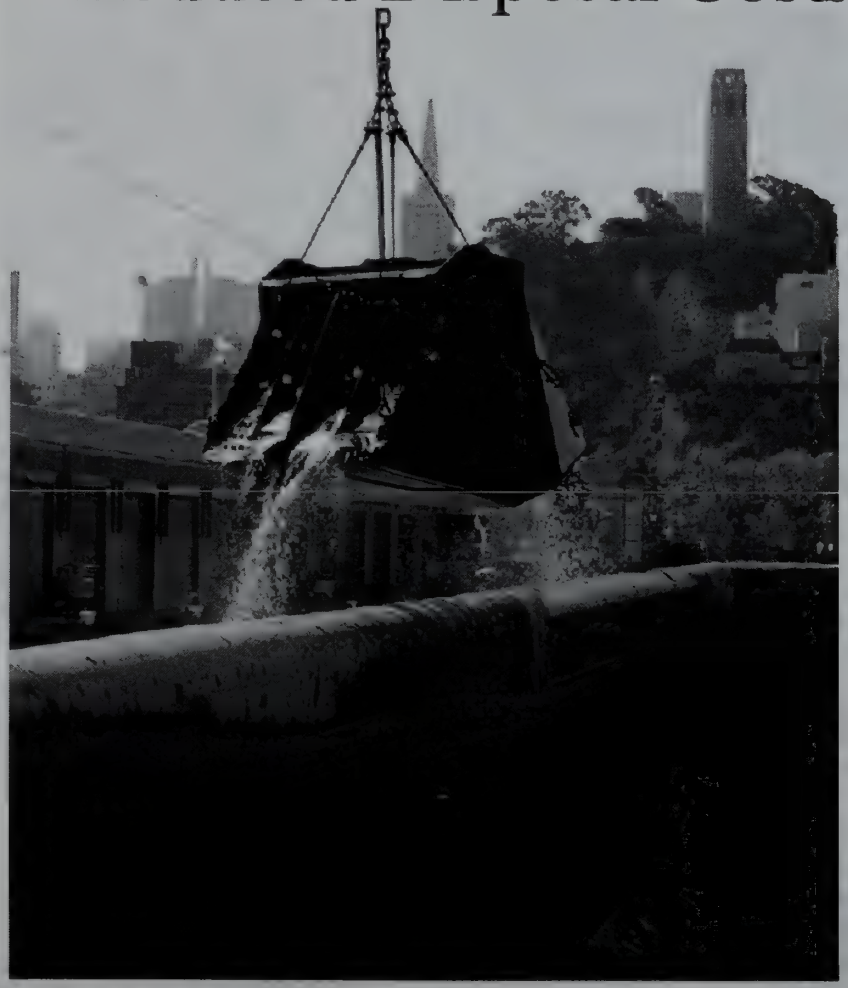


Working with tenants to develop innovative ways to prevent pollution from industrial operations

Environmental Management

Recent Successes

Reduced Disposal Costs for Port Dredging Program



Finding alternative disposal options for dredge spoils minimized environmental impact and saved the Port $200,000 in 2004 and in future years

Employee Health and Safety

- ✓ All Port employees now have a safety performance goal
- ✓ Injury rate is down 45% from last year
- ✓ Workers compensation costs are significantly lower than last year
- ✓ Upcoming efforts will focus on repetitive motion injuries and vehicle accidents

Uday Prasad, S.E.
Civil Engineer

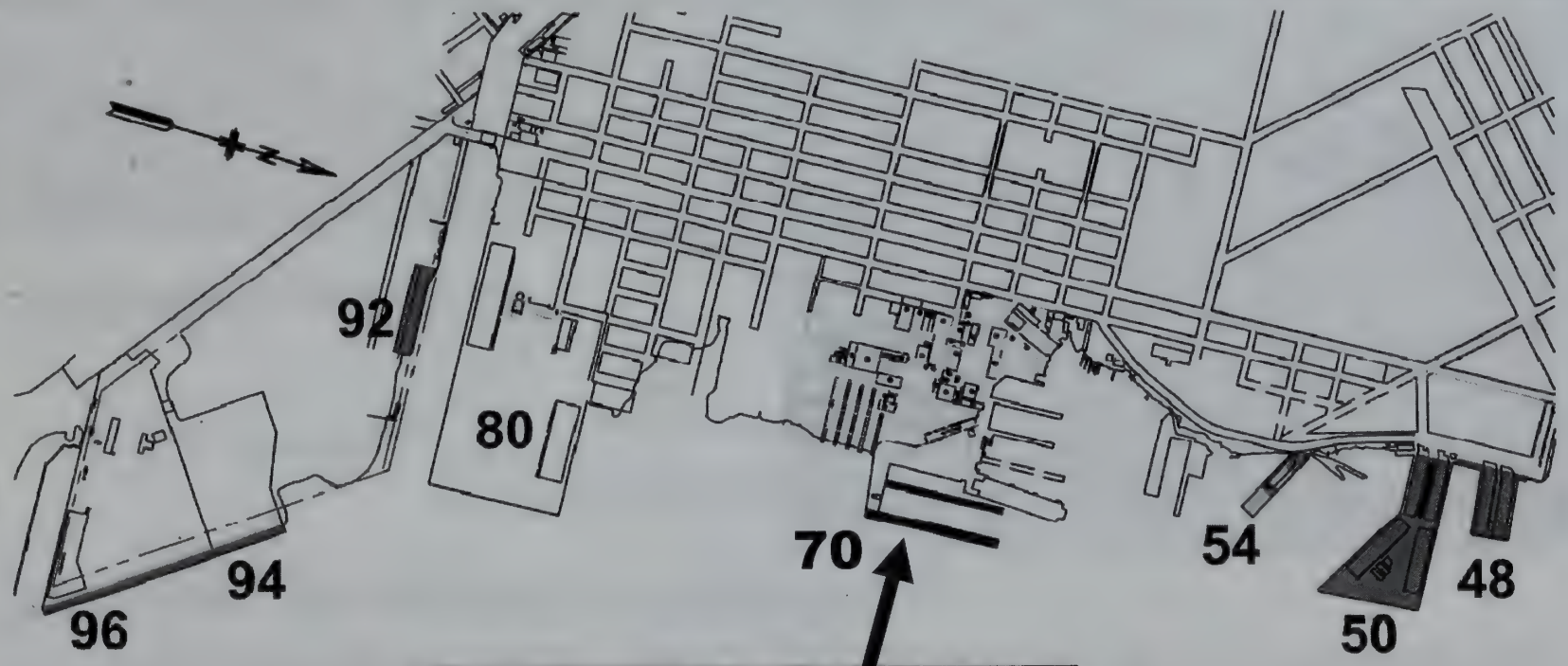
Engineering Division

Infrastructure

- ✓ 39 Piers total along Waterfront
- ✓ All piers originally built in 1900s
- ✓ Funded with State Public Funds & State Debt
- ✓ 4 Piers rehabbed since 1950 with Port-paid bonds
- ✓ 4 Piers rehabbed since 1950 with private/public partnerships
- ✓ 30+ Piers still in need of refurbishing

Substructure deck condition under east apron of Agriculture Building

India Basin to Pier 48

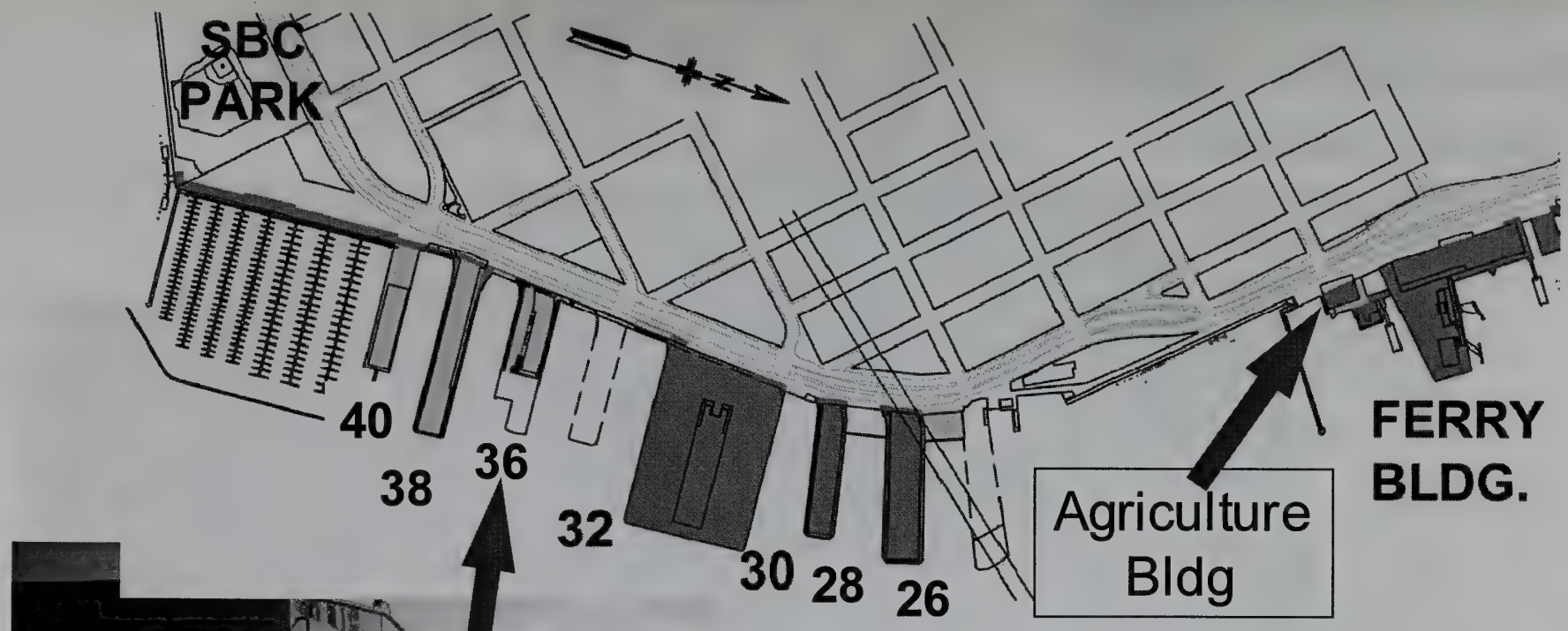


Substructure Deck, Wharf 8, Pier 70

STRUCTURAL RATING

- UNRESTRICTED USE
- RESTRICTED USE
- UNSAFE TO USE

SBC Park to Ferry Building



Pier 36
Closure

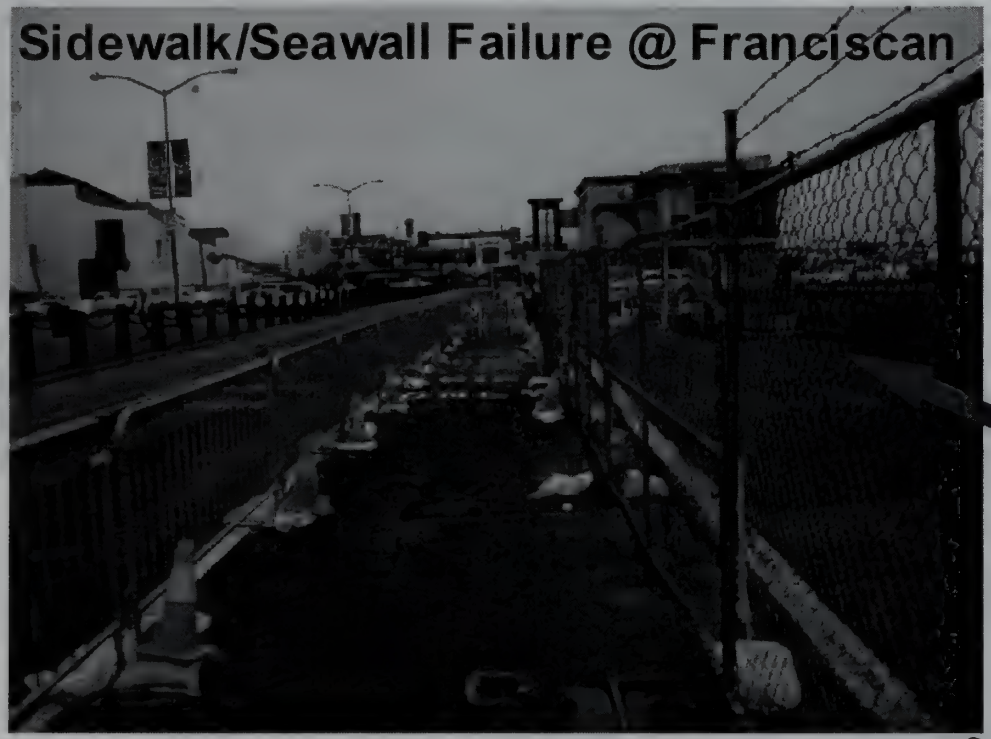
STRUCTURAL RATING

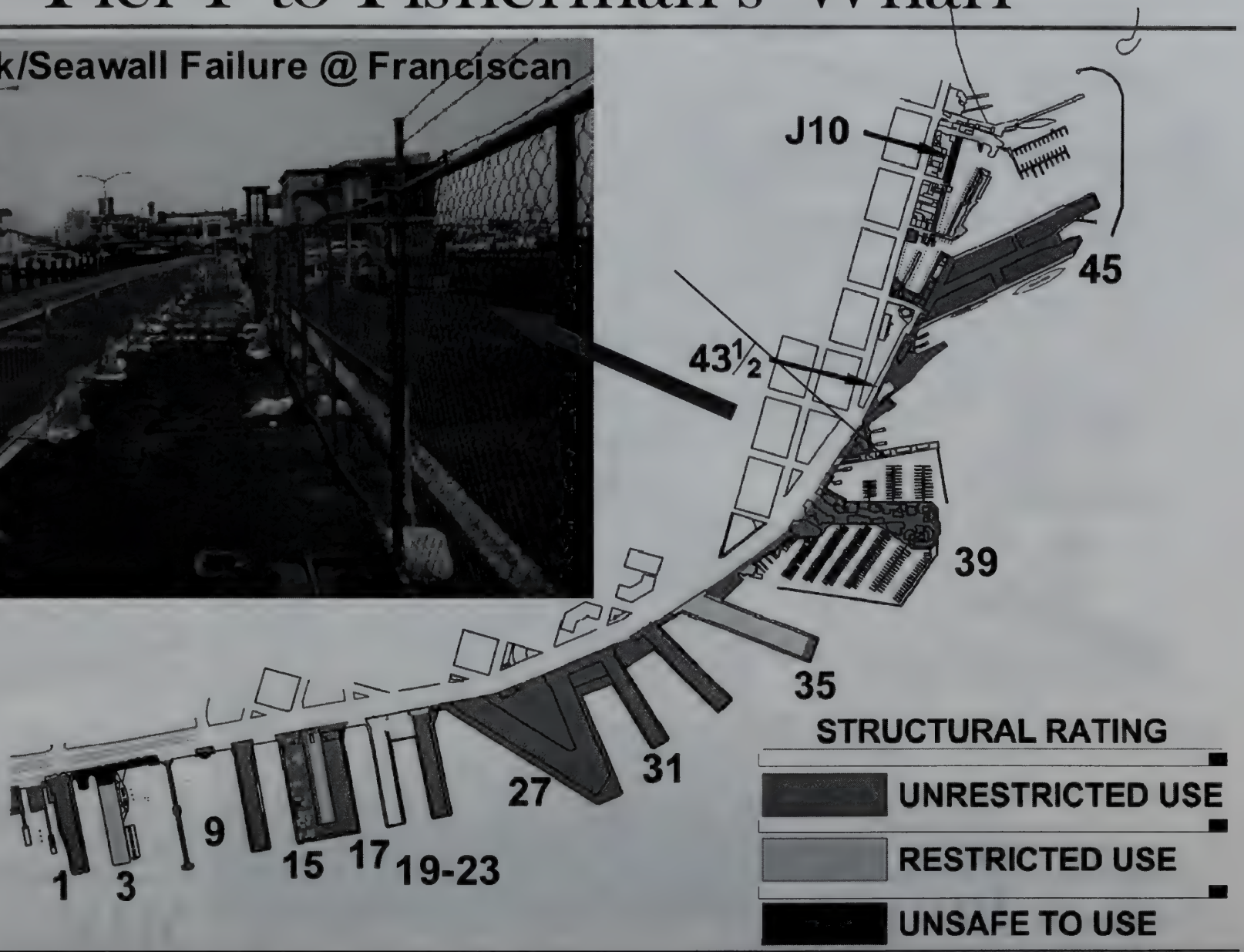
UNRESTRICTED USE

RESTRICTED USE

UNSAFE TO USE

Pier 1 to Fisherman's Wharf





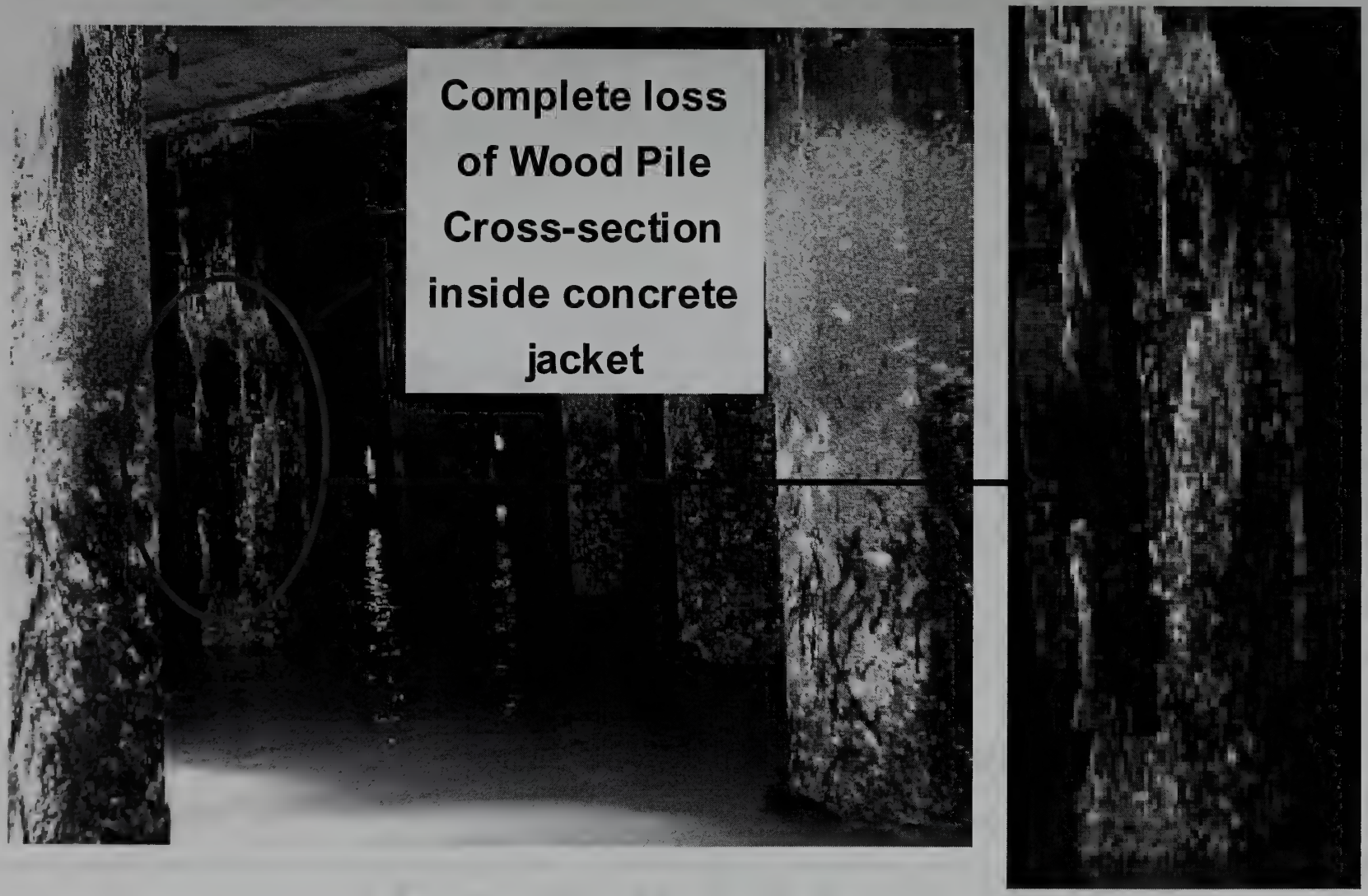
Pier 17 North Apron

Red Tagged due to substructure deck deterioration

Pier 19 North Apron

Red Tagged due to pile deterioration

Pier 15 Pile Deterioration



A typical Pier Repair

Using Pier 15 as an example

Pier Substructure - Concrete Deck supported by concrete jacketed wood piles.

Substructure	
Repair 1,000 piles @$10,000/pile=	$ 10.0 Million
Add misc. Deck repairs (Lump Sum)=	0.5 Million
Add Seismic Mitigation=	7.8 Million
Total Substructure=	$ 18.3 Million
Superstructure	
Misc. Superstructure & Seismic Mitigation=	$ 1.0 Million
Total Pier 15 Rehabilitation Cost =	**$ 19.3 Million**

Tom Carter
Director

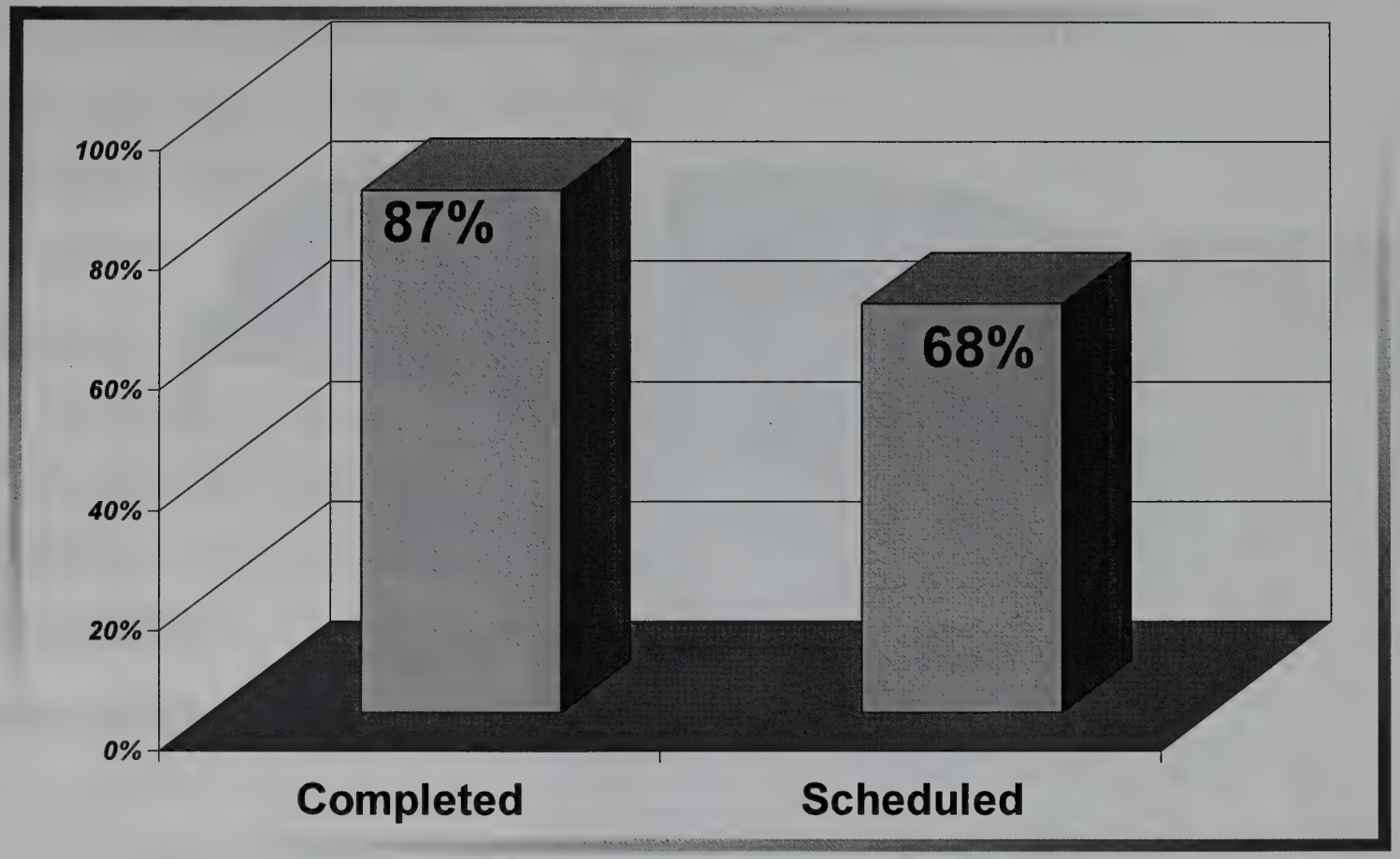
Maintenance Division

Challenges

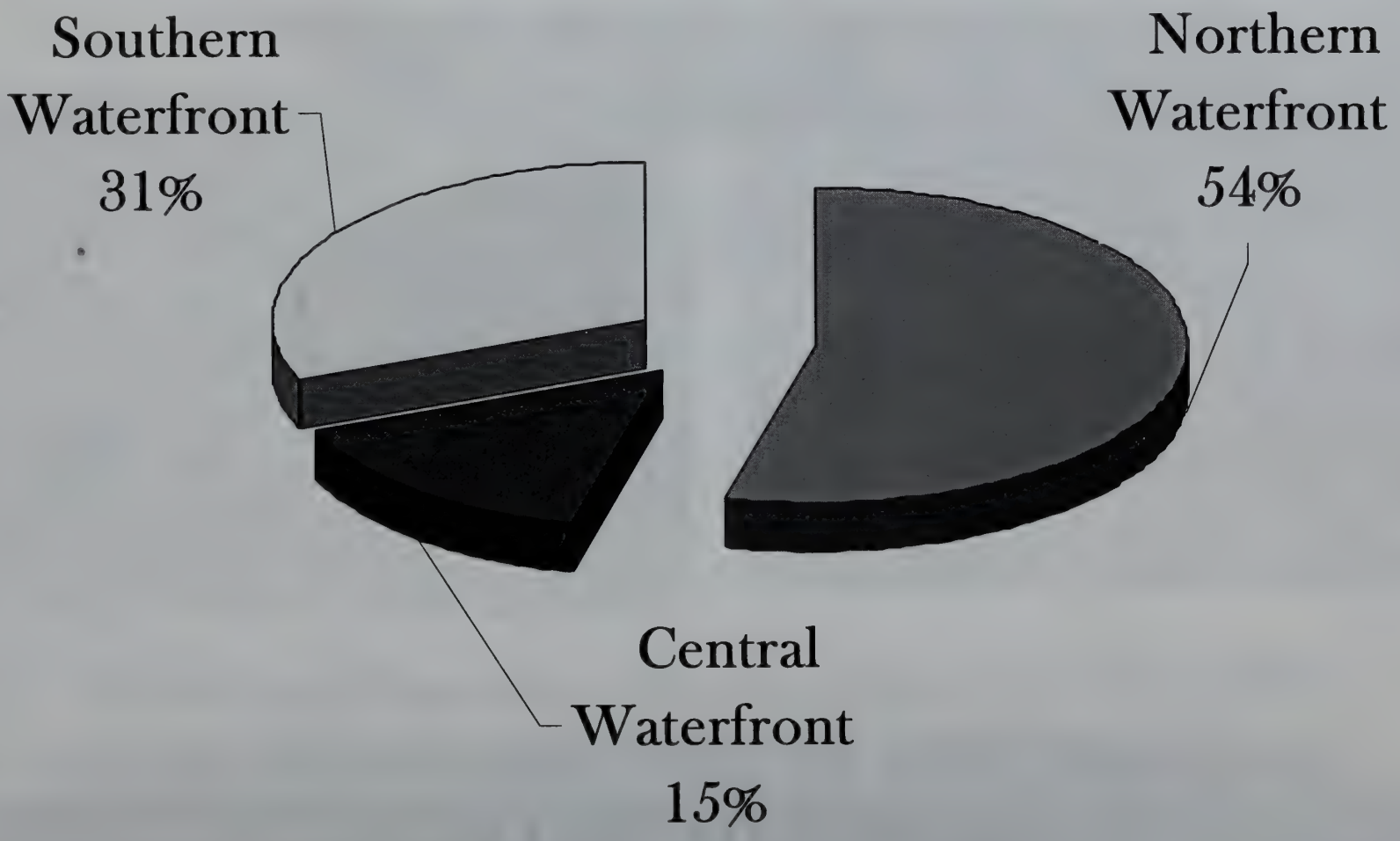
The Maintenance Division maintains 19.8 Million Square feet with 104 staff members

By comparison the Hall of Justice maintains 1 Million Square feet with 32 staff members

Work Requests



Distribution of Production Hours



Resource Limitations

Roofing

- ✓ 11 roofs identified as priority for replacement
- ✓ Average age of roof - 46 years
- ✓ 1 Million square feet
- ✓ 4 Roofers

Plumbing

- ✓ 39 pump stations
- ✓ 98 backflow devices
- ✓ 40 miles of pipe
- ✓ 5 Plumbers

Ironworkers

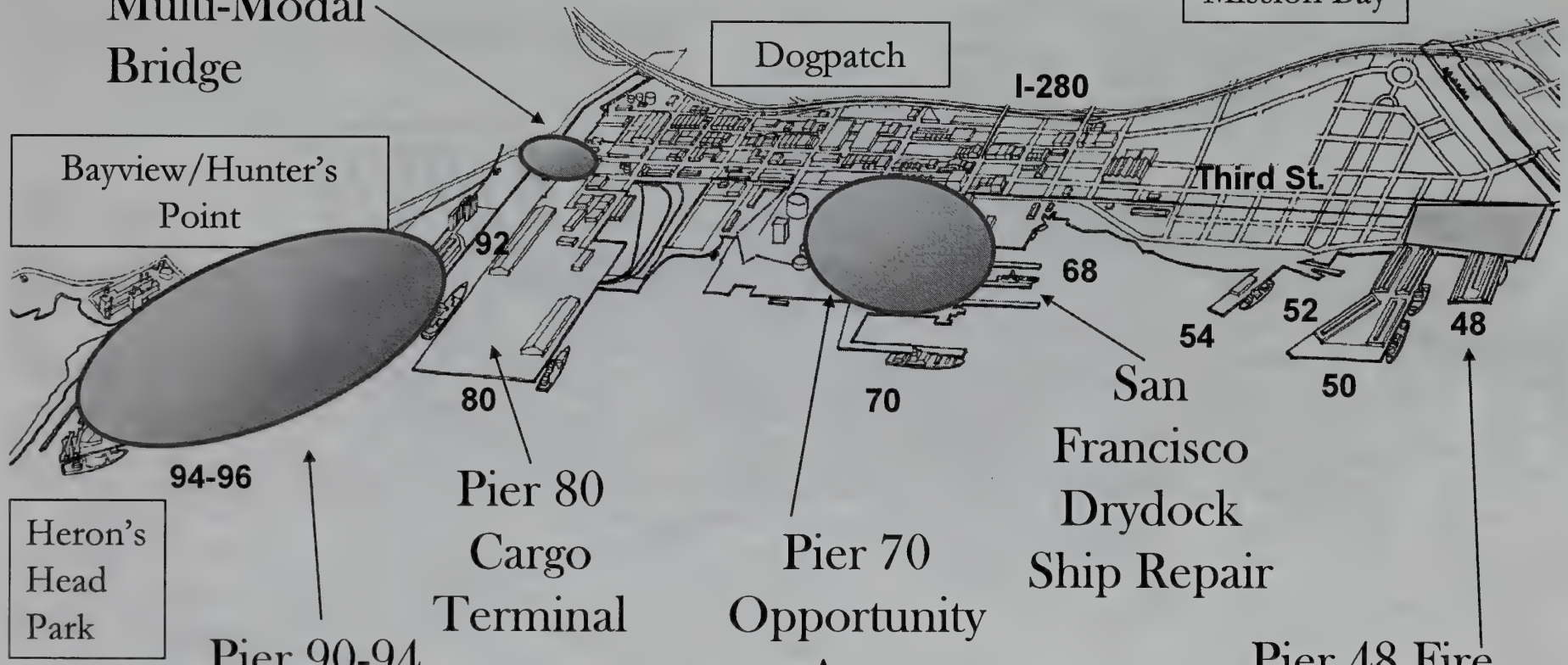
- ✓ 640 gates
- ✓ 1146 rolling steel doors
- ✓ 125 miles of fence
- ✓ 4 Ironworkers

Byron Rhett
Director

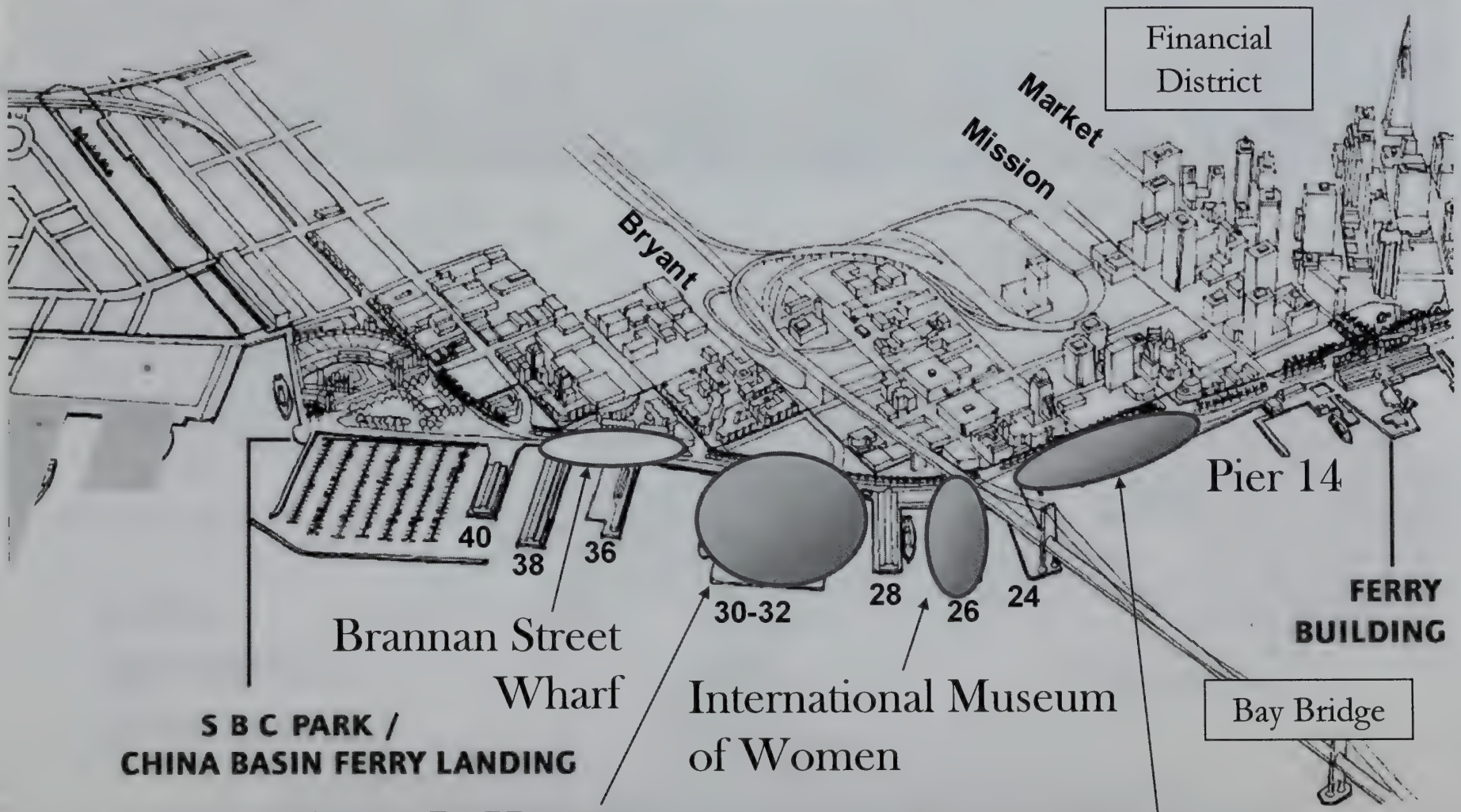
Planning & Development Division

PORT OF SAN FRANCISCO

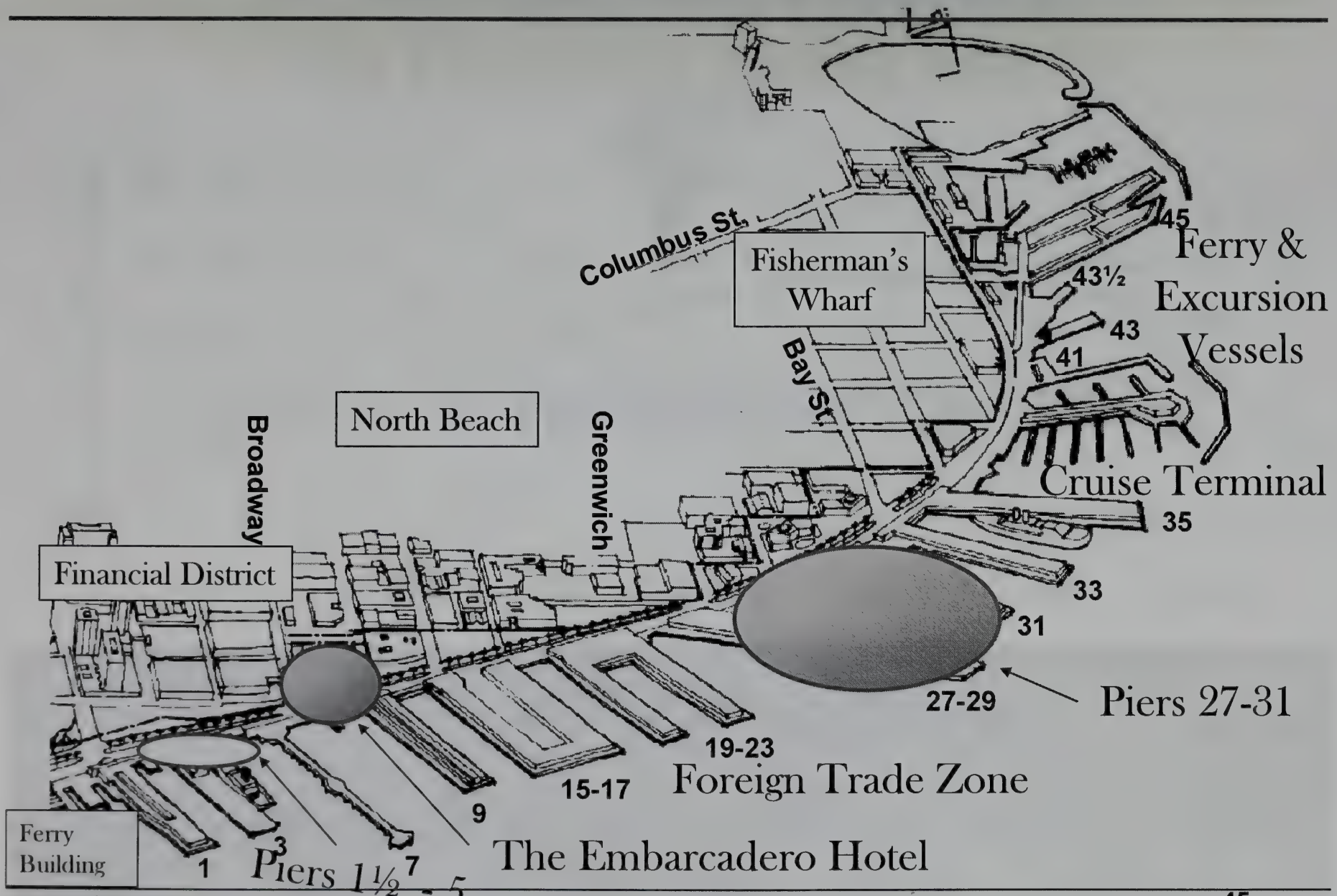
India Basin to Pier 48



SBC Park to Ferry Building



Pier 1 to Fisherman's Wharf

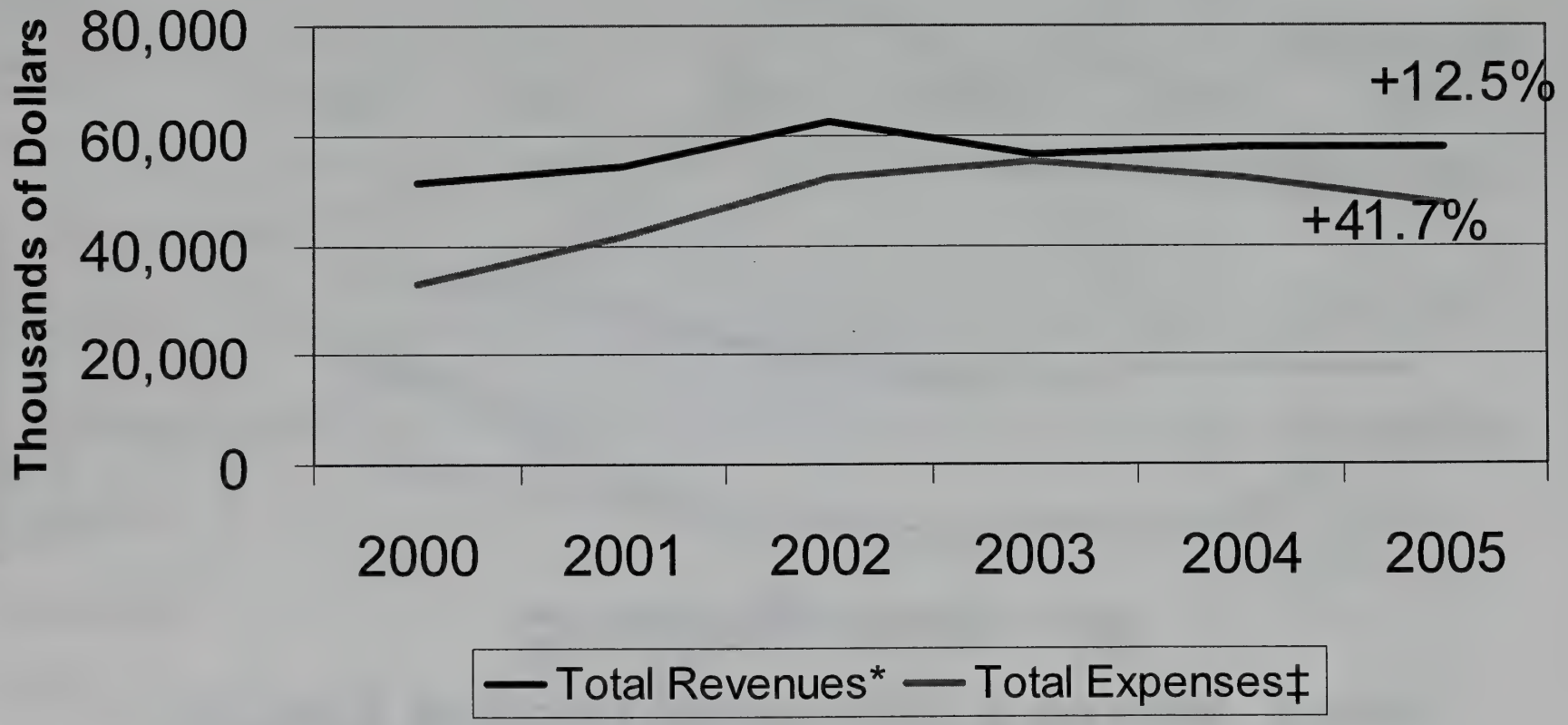


Tina Olson
Director

Finance & Administration Division

Revenues and Expenses

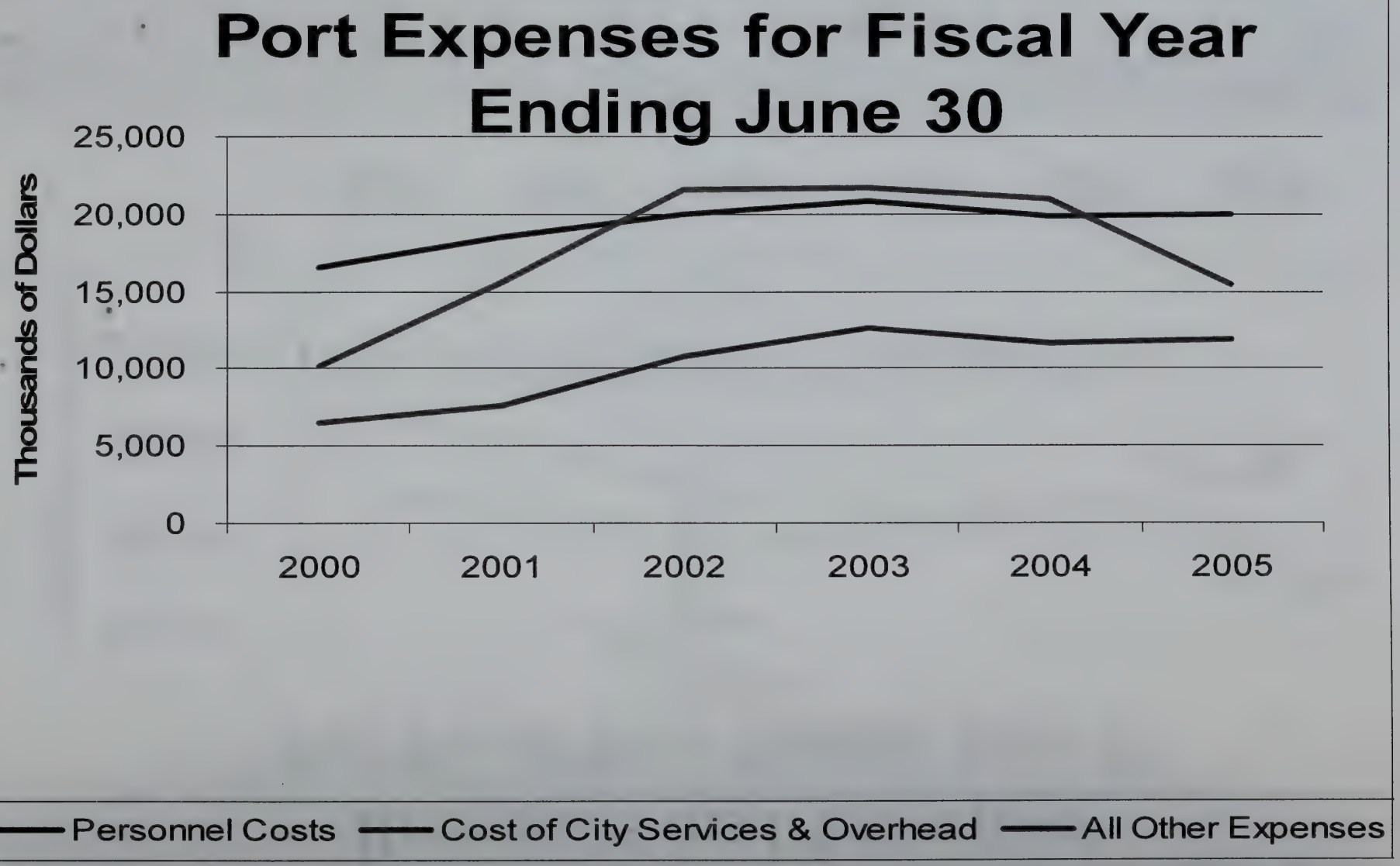
For Fiscal Year Ending June 30



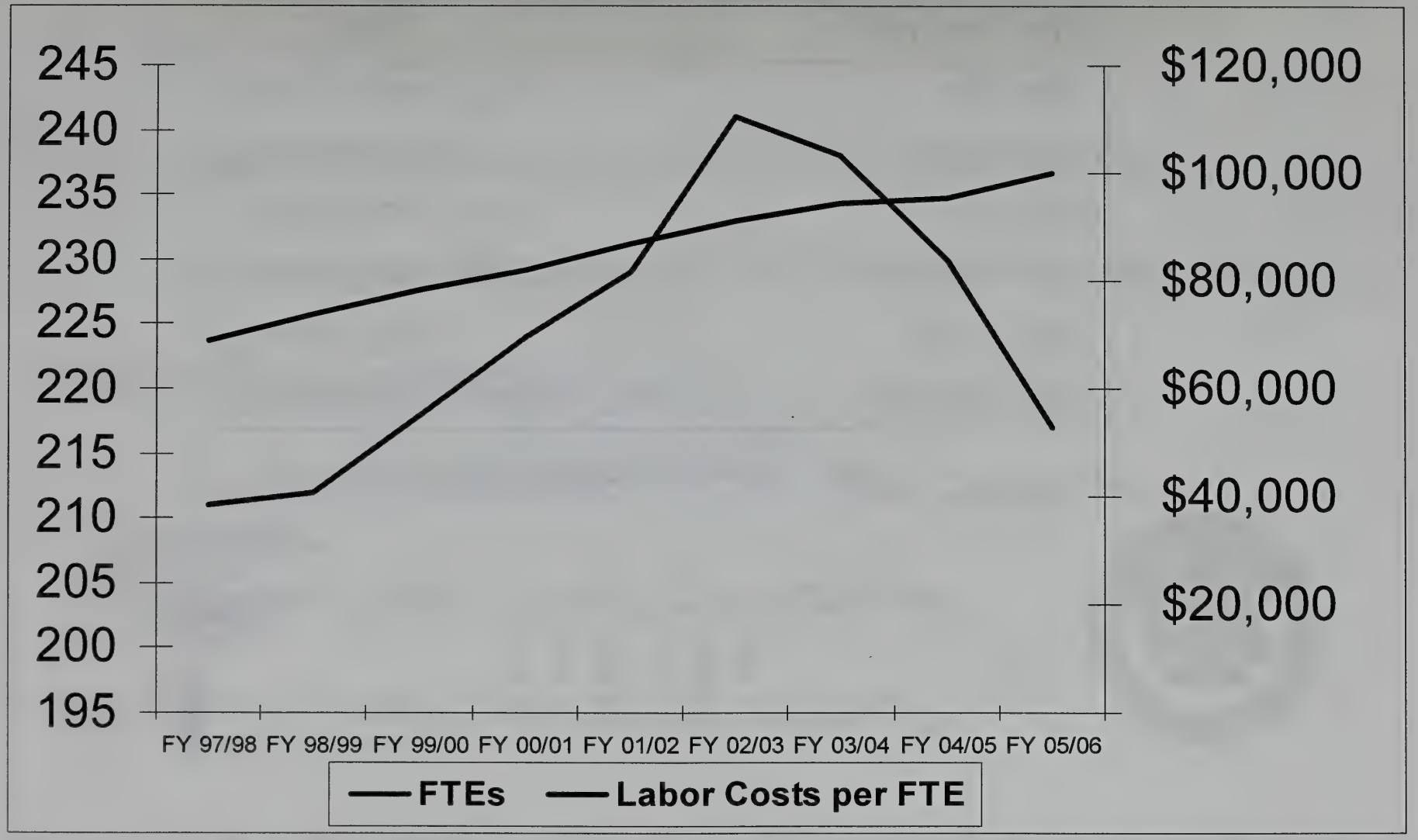
*excludes (i) revenues from capital gains and other contributed capital, (ii) $9,245 from the sale of a land parcel in 2004, and (iii) $25,700 from the up-front payment in 2001 of a lease in perpetuity of a land parcel

‡ excludes depreciation and amortization expense

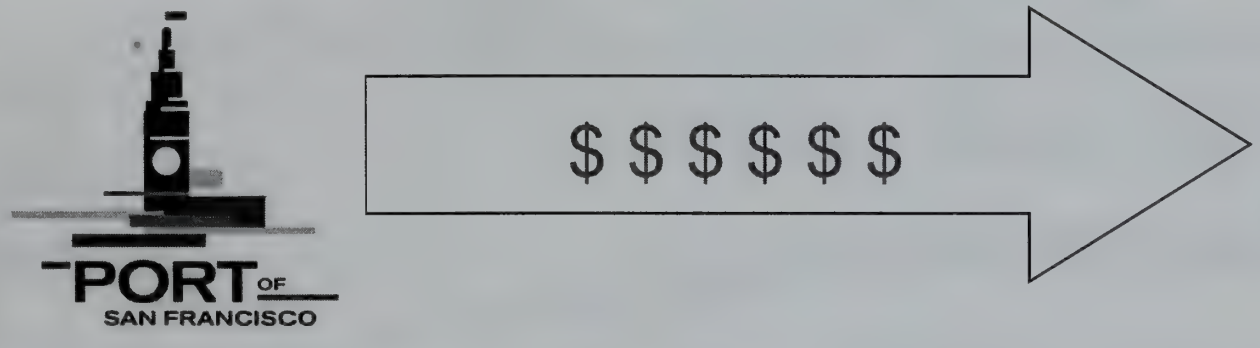
Breakdown of Total Expenses



Number of Positions vs. Avg. Cost Per Position



City Tax Revenue Generated on the Port



Fiscal Year Ending June 30, 2002

Possessory Interest Tax	$ 6,506,788
Payroll Tax	2,371,200
Sales Tax (est.)	5,268,436
Admissions Tax	1,189,259
Parking Tax	4,408,909
Utility Users' Tax	657,900
Total	**$ 20,402,492**

(Source: Port of San Francisco Nexus Study 2004)

Steps Taken

- ✓ Develop Ten Year Capital Plan
  - Identify Magnitude of the Port's Capital Needs
  - Help Senior Management to Develop a Funding Strategy
- ✓ Added Staff Member to:
  - Assist in Development of Ten Year Capital Plan
  - Pursue Grant Funding Opportunities
- ✓ Reduced On-going Operating Expenses

Looking Ahead

✓Options for Financing the Port's Capital Needs

- Southern Waterfront Infrastructure Financing District
- Issue New Debt
- Grant Funding & Third Party Contributions

Long Term Goals

- ✓ Infrastructure Rehabilitation
  - •Pay as you go
  - •Public/Private Development
  - •New Debt
- ✓Operating Costs
- ✓Revenue Development
  - •Bring Existing Leases to Market Rates
  - •Strategic Leasing
  - •Expand Leasable Space

Conclusion

- ✓ Extensive Deferred Maintenance of 100-year Piers
- ✓ Lack of funding
  - No taxing authority
  - No tax receipts
- ✓ Constrained Resources
  - 217 Staff for 20 million sq. ft.
- ✓ Heavily Regulated: BCDC, State Lands, Board of Sups, RWQCB, Army Corp of Engineers, etc.
- ✓ Competitively Disadvantaged to Outer Markets

Stay Tuned

Board of Supervisors' Budget Hearings

- May 23, 2005
- June 1, 2005

S.F. Stat Hearings

- May 23, 2005
- August 22, 2005
- October 24, 2005

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Thank You

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